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SUBJECT: BOUTEFLIKA URGES WALIS TO TAKE GREATER STAKE IN  
ALGERIA'S DEVELOPMENT

REF: ALGIERS 0694

SUMMARY

1. In a two-hour televised speech June 25 before Algeria's 48 walis (presidentially-appointed provincial governors), President Bouteflika vociferously criticized his government for allowing red tape, corruption, and nepotism to impede plans to meet the basic needs of its citizens, particularly Algeria's youth. He sounded a positive note on jobs created and public works projects completed or underway, but stressed that the GoA could do better by decentralizing many of its infrastructure development programs, for which it plans to spend USD 80 billion by 2009. In this vein, and in an apparent attempt to empower his walis to take greater ownership of programs under their purview, Bouteflika announced that he would allocate an additional USD 2 billion this year, to be distributed at the walis' discretion. He largely eschewed mention of political reform or details regarding the proposed hike in public sector salaries until, commentators expect, another speech scheduled for Algerian independence day, July 5. (End Summary.)

RED TAPE, LACK OF TRANSPARENCY LIMIT  
PROGRESS AGAINST ALGERIA'S WOES

2. President Bouteflika, in a two-hour televised speech June 25 addressing the annual conference of the nation's 48 walis, enumerated the severe and multipronged challenges facing Algeria today. He emphasized that Algeria must improve living conditions in underdeveloped and rural regions; mitigate economic disparities by combating poverty; promote human development; and better prepare Algerian youth to contribute to the future of the country. He stressed that Algeria must favor, in particular, areas most touched by delays in economic development and the lost decade of terrorism, including the vast desert regions of the south and the high plateaus.

3. The President amplified a previous speech expressing frustration with his ministers' lack of candor on the pace of economic development (reftel) when he stressed the need for honesty from Algerian government officials. "It is imperative," he said, "to reinforce the struggle against the too frequent practices of corruption and nepotism... which destroy the state and ruin the confidence of the citizen." He further declared the need "to put an end to the lack of transparency and communication." Departing from his prepared remarks, Bouteflika declared that "we are neither prophets, nor capable of miracles, but we must be sincere with the people."

¶4. Bouteflika also cited Algeria's red tape as "one of the greatest evils that hobbles the development of our country." He highlighted the poor accounting and lack of planning that have marred many government projects. Citing the nation's housing construction program, the President veered from his prepared remarks in noting that "the quality and the architectural conception of these lodging units are catastrophic. We must review the entire concept because it's simply rotten."

#### PRESIDENT TOUTS SOME SUCCESSES

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¶5. A few outbursts aside, Bouteflika was careful to cast his comments as constructive criticism of how the GoA could better approach its challenges rather than a complete rebuke of the government's record. In this light, he accepted credit for progress to date, touting his 2001-2005 economic development plan that raised investment spending per person by 237 percent, from 55 USD per person in 2001 to USD 190 per person in 2005. These funds, the President noted, greatly improved the country's educational and administrative infrastructure and helped curb the country's rural flight. The GoA had realized some 45,000 projects and created 376,000 jobs, which Bouteflika claimed were largely permanent positions. Algeria had also succeeded in developing leisure infrastructure that would benefit 17 million youth; improving schools for millions of others; providing access for 24 million inhabitants to potable water; and increasing rural access to electricity and gas networks.

#### EMPOWERING LOCAL OFFICIALS

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¶6. Bouteflika repeatedly stressed the imperative that "local elected officials must involve themselves in listening to their citizens, in order to become sources of proposals, approaches, and projects." To help accomplish this, the President announced that the 2006 supplemental finance law would allocate an additional USD 2 billion to be distributed under the purview of the walis. The President remarked that "the major thrust of this supplemental program rests in the fact that it will be implemented based on proposals of the walis in coordination with elected officials.... It rests with (the walis) to choose the most judicious projects based on the demands expressed by the people and their representatives." Such projects, he added, could be in the fields of employment, lodging, access to potable water, desalination, provision of electricity and gas, communication, and transport.

¶7. In addition to empowering the walis, Bouteflika emphasized the role of women and non-governmental organizations in the future development of the country. He stated that "non-governmental organizations in various fields could, if we really involve them, develop a capacity to mobilize human efforts, and constitute an important element of development based on the effective participation of citizens." To ameliorate planning problems, the President called for the immediate deployment of 1,500 engineers and architects throughout the country, followed by another 1,000 next year.

#### COMMENT

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¶8. Although his frustration bubbled over at times, Bouteflika largely kept to his remarks in what appeared to be an effort to convince Algeria's walis to take a larger stake in the nation's economic development. Bouteflika's offer of an additional USD 2 billion -- with wide latitude on how the funds could be spent -- came on the strict condition that the walis do a better job of choosing appropriate projects that the Algerian people needed, and implementing them in a transparent, cost-effective manner.

¶9. Bouteflika did not limit his high expectations to the walis. He clearly laid out the responsibility of the central

government to coordinate the role of various actors in the development process; equitably allocate national resources; and promote employment and investment within an adequate judicial and administrative framework. Bouteflika was explicit that he would hold his ministers to the same high standards as the walis, at one point jabbing that "whichever (minister) wants to assume his duties, we support. And whoever does not want to assume his duties, he should quite frankly tell us and leave. We have plenty of youth who can assume the responsibility."

ERDMAN